



Trade Facts

Office of the United States Trade Representative
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PROACTIVE TRADE AGENDA DELIVERS RESULTS *USTR Accomplishments in Last 12 Months*

OPENING MARKETS

Free Trade Agreements (FTAs): Dramatically Reducing Trade Barriers for American Products and Services *Exports to our FTA partners are growing twice as fast as our exports to the rest of the world. So far Congress has approved FTAs with 15 countries and USTR is negotiating FTAs with 14 more. In the last year, USTR has:*

- **Passed CAFTA-DR.** This agreement was approved last summer, and 3 countries – El Salvador, Honduras, and Nicaragua – are now fully on board. These countries had enjoyed one way free trade arrangements with the U.S. This agreement provides permanent benefits and levels the playing field for American exporters.
- **Passed Bahrain FTA.** Because of the close vote on CAFTA-DR, Amb. Portman set out to restore the bipartisan consensus for trade with extensive and meaningful bipartisan consultations on Capitol Hill. This outreach paid off. The Bahrain FTA was approved by the largest margin – 327-95 – since the vote for the Israel FTA in 1985, and brings us a step closer to the President's vision of a Middle East Free Trade Area.
- **Launched Korea and Malaysia FTAs.** Announcing negotiations with these commercially significant trade partners generated bipartisan enthusiasm with lawmakers from both chambers and both parties participating in the news conferences.
- **Completed FTA negotiations with Peru, Oman and Colombia.** These three important agreements are on track for congressional consideration in 2006.

U.S. Provides Bold Leadership to Bring Down Trade Barriers around the World

The Doha trade talks provide a once-in-a-generation opportunity to generate global economic growth and lift millions from poverty.

- **Bold Proposals.** The U.S. has been a leading force in the WTO talks known as the Doha Development Round. In October, US leadership helped jumpstart the negotiations with a bold proposal to reduce all agricultural tariffs and all trade-distorting domestic subsidies. The United States has continued to push others to step up to the plate while serving as the broker for forward movement and agreement in the consensus-driven body of 149 member countries.
- **Doubling Aid for Trade.** Through these talks, the U.S. has committed to doubling 'aid for trade' as part of a successful Doha Round. A successful recipe for global growth combines the reduction of trade barriers with greater trade capacity building so developing countries can reap the benefits of open markets.

- **Access to Medicines.** Reached landmark agreement to ensure that innovation is balanced with getting medicines to those who need them.
- **Protecting Environment.** U.S. leading way to reduce subsidies that result in over-fishing and depleting stocks around the world.

New Initiatives and Agreements Deliver Opportunities for U.S. Exporters

- **China Top to Bottom Review.** This comprehensive review outlines the opportunities and challenges in the U.S. – China trade relationship. The review concludes that as a mature trading partner, China must live up to its responsibilities. United States will hold China accountable for opening markets, enforcing intellectual property rights.
- **U.S.-China Textile Agreement.** This agreement is a win-win for the textile industry. It provides U.S. textile manufacturers with a steady framework as they make adjustments to global competition, while providing certainty for American retailers.
- **Two JCCT Meetings Delivered Measured Progress.** As co-chaired by USTR and Department of Commerce, the Joint Commission on Commerce and Trade is an ongoing dialogue with China in which we work to resolve bilateral trade issues. U.S. exporters have benefited from further openings to China's market and improvements in enforcement of intellectual property.
- **U.S.-Canada Lumber Accord.** This market-based solution resolves a long-standing dispute between Canada and the United States. It will end all litigation over softwood lumber, and provide for unrestricted trade in favorable market conditions.
- **U.S. India Trade Policy Forum.** India's dynamic economy is ripe for U.S. engagement. This new dialogue – launched by USTR Portman in November 2005 – provides a forum to resolve issues before they become problems. As part of the initial meeting in New Delhi, the ministers agreed to double goods trade between the United States and India within three years.
- **EU Enlargement Agreement.** The agreement reduces several agricultural and industrial tariffs to reflect the EU's expansion in May 2004 from 15 to 25 Members.
- **U.S. - EU Wine Agreement.** Helps establish predictable conditions and marketing certainty for U.S. and EU wine exporters.
- **U.S. – Russia Meat Agreement.** Provides stable access for American poultry, beef and pork to Russian consumers.
- **Multi-Chip Packages (MCP) Agreement.** This sectoral agreement with Japan, Korea, Taiwan and the European Union applies zero tariffs on MCPs, which are forms of semiconductors used for small electronics. This agreement will deliver duty-free treatment for \$1 billion in U.S. high tech exports.
- **U.S. – Mexico Tequila Agreement.** Prevented disruption to tequila trade between U.S. and Mexico by prohibiting restrictions on bulk tequila exports or regulation of tequila labeling.

ACCOUNTABILITY & ENFORCEMENT

U.S. Brings New Members in to Rules-Based Trading System

There is significant value to having other countries as part of the rules-based global trading system. It is in this forum that we can best hold countries accountable to their commitments.

- Completed **Saudi Arabia** Accession to the World Trade Organization.
- Completed **Ukraine** and **Vietnam** bilateral market access agreements, actively participant in ongoing multilateral negotiations for both countries. U.S. Congress approved PNTR for Ukraine by

unanimous consent in the Senate and a strong bipartisan vote in the House. Congress will also vote on PNTR for Vietnam.

- Nearing completion of bilateral market access agreement with **Russia**.

U.S. Uses all Tools to Hold Trading Partners Accountable

Our goal is to seek the best possible outcome for American workers, manufacturers and farmers. If we can't achieve a successful resolution through negotiation, we will pursue litigation through WTO dispute resolution. Our trading partners must follow the commitments they make in trade agreements – when they haven't USTR has aggressively brought WTO cases.

Cases Filed:

- **Airbus.** Pressed forward with the largest WTO case ever on EU subsidies for Airbus.
- **Auto parts.** Filed case against China's discriminatory charges on auto parts. Joined in this effort by the European Union and Canada.
- **Rice.** Filed a case against Turkey's unfair restrictions on U.S. rice exports.
- **Corn.** Filed a case against Canada's provisional antidumping and countervailing duties on U.S. grain corn.

Recent Successes:

- **Kraft Linerboard.** China revoked unfair antidumping duties on U.S. kraft linerboard after U.S. stated intent to file a WTO case.
- **Biotechnology.** The WTO affirmed the European Union is unfairly discriminating against agricultural biotechnology products – a safe and beneficial technology that is improving food security and helping to reduce poverty worldwide.
- **Beverage Tax.** WTO affirmed that Mexico's 20 percent tax on beverage made with high-fructose corn syrup were discriminatory and should be removed. The same tax didn't apply to soft drinks made with Mexican cane sugar.
- **Rice.** Won a WTO case against Mexico's antidumping duties on U.S. rice and several provisions of Mexico's antidumping and countervailing duty laws.
- **Apples.** Won WTO case against Japan's restrictions on imports of U.S. apples and secured removal of these restrictions.
- **Wheat.** Canada removed several restrictions on U.S. wheat exports after U.S. successfully challenged them in a WTO case.
- **Textiles.** Egypt removed discriminatory textile tariffs after the U.S. filed a formal WTO challenge.
- **Telecom.** In response to a successful WTO challenge, Mexico removed anti-competitive rules which drove up the cost of international calls.